

RHODE ISLAND COMMERCE CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on March 28, 2016 in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Directors absent were: Mary Jo Kaplan, Jason Kelly, Ronald O'Hanley and Donna M. Sams.

Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Claire Richards, Jeremy Licht and Thomas Carlotto.

1. CALL TO ORDER

The Governor called the meeting to order at 5:06 p.m. indicating that a quorum was present.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION AND EXECUTIVE SESSION MINUTES FOR THE MEETING HELD ON FEBRUARY 22, 2016

Upon motion duly made by Mr. Hebert and seconded by Ms. Lovejoy, the following vote was adopted:

VOTED: To approve the public session and executive session minutes for the meeting held on February 22, 2016.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

3. TO RECEIVE A MARKETING/BRANDING UPDATE.

The Governor began by thanking the local tourism districts for their collaboration in the process and emphasized the importance of a coordinated effort. She introduced Betsy Wall to give a presentation regarding the branding campaign.

Ms. Wall briefly discussed the elements of the campaign and explained the importance of having a data driven process.

She introduced the artwork developed by Milton Glaser. Ms. Wall discussed the concept of Mr. Glaser, which is intended to be artistic and inspirational.

Ms. Wall highlighted the integration of the campaign including paid media, social platforms and events.

She touched upon some metrics to date and noted that Rhode Island compared favorably to other states of similar size outperforming both Connecticut and Delaware.

Ms. Wall next discussed a revamped website which includes a blog and expansion of the State on social media.

In conclusion, Ms. Wall thanked Havas, Epic Decade and Milton Glaser for their efforts in developing the campaign.

Mr. McNally commented that he liked the campaign.

Mr. Wadensten asked if Ms. Wall could discuss the relationship between cooler and warmer and Rhode Island. Ms. Wall explained that cooler is referring to Rhode Island is a cool, hip place and the notion of warmer is related to the strong sense of place and the

warmth of its citizenry. She noted the slogan suits itself to a hashtag strategy.

Mr. Hebert noted that logo is not going to explain everything and that he liked the design of the logo but he was not sure about the warmer aspect of the campaign. Ms. Wall explained that the slogan was useful as an add on but was not the entirety of the campaign.

The Governor suggested that the Board receive quarterly updates to which Board members responded in the affirmative.

Ms. Toledo-Vickers commented on the broadness of the campaign.

Mr. Hebert asked about the amounts expended to date of the \$5 million fund and if any monies remained. Ms. Wall noted that the committed but not yet spend is in excess of \$2 million.

4. TO DISCUSS TECH TALENT INITIATIVES.

The Governor gave a brief introduction on the goal of improving the tech talent pipeline and Mr. Pichette's objective of developing a map of how all the State's programs fit together.

Mr. Pichette gave a power point presentation, a copy of which is attached hereto as Exhibit B.

Mr. Pichette explained that tech talent is an issue nationwide and that Rhode Island is well situated in some regards. He went on to detail certain metrics, which indicated Rhode Island fairs better in availability and retention with respect to tech talent in the economy when compared to the national averages.

Mr. Pichette noted that Rhode Island can do better and create a competitive advantage. He described the different programs in Rhode Island and how they are intended to bolster the tech talent pipeline with a focus from kindergarten through advanced degree programs.

The Governor explained how Rhode Island is focused on training an additional two thousand people in tech fields by 2020.

Ms. Toledo-Vickers noted that the education system itself needs to become more advanced to keep pace with changes in technology.

Mr. Wadensten inquired whether these initiatives needed support from companies like Atrion to foster the education continuum or is there a focus on identifying companies that are seeking tech talent. The Governor noted that both are integral to the process.

5. TO CONSIDER FOR APPROVAL FUNDING IN RELATION TO THE P-TECH PROGRAM.

Mr. Wadensten recused himself from participation in this Agenda item.

Mr. Sutton gave a brief overview of the request before the Board. He discussed the progress to date in the program, noting, among other things, that two of the three school districts had hired P-Tech directors and the third is far along in that process; all the districts are actively recruiting students; and that each program had tentatively determined the field for its associate's degree.

He explained that CCRI will have additional administrative services and the need for a P-Tech liaison as the programs ramp up, and the high school programs will have additional administrative obligations in relation to training that may require the engagement of some consultants to aid those programs.

Mr. Hebert asked if the P-Tech liaison for CCRI is the same as was discussed previously where it was anticipated that industry partners would be asked for monetary support. Mr. Sutton explained that the CCRI role was not the same as the industry liaison but rather as an internal manager for the CCRI component of the program. He explained that the industry partner liaison would fulfill a role of building relationships with industry partners and developing internships.

Mr. McNally asked that the vote reflect a cap of \$100,000 to which other Board members noted their assent.

Upon motion duly made by Mr. Hebert and seconded by Ms. Lovejoy, the following vote was adopted:

VOTED: To approve funding for the P-Tech program pursuant to the Resolution submitted to the Board subject to a \$100,000 cap.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee and Vanessa Toledo-Vickers.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit C.

6. TO CONSIDER FOR APPROVAL VENDORS IN RELATION TO THE INNOVATION CENTER FOR DESIGN AND MANUFACTURING (DEPARTMENT OF DEFENSE GRANT AWARD)

Ms. Lovejoy recused herself from participation in this Agenda item.

Mr. Early gave some background on phase 1 of the Department of Defense (“DOD”) grant and a brief overview of this phase 2 grant from the DOD. He explained that the goal is to achieve a four phase

process that results in the creation of a physical center.

Mr. Early discussed the details of phase 2, which will include the design and planning of the center and performing design readiness assessments for fifty-three manufacturers. In addition, with the assistance of RISD and Bryant, the grant will also result in the creation of a curriculum to help manufacturers innovate.

He noted that the funding is from DOD in the amount of approximately \$2.9 million with an in-kind match from the Corporation of about \$400,000.

Mr. Wadensten asked if there was sufficient staffing to support the in-kind match and Mr. Early indicated in the affirmative and explained that Mr. Riendeau and another staff member would support the effort.

Mr. Buonanno asked for some detail on the design readiness assessment. Mr. Riendeau explained the component members that comprise the team that performs the readiness assessment and how they work with each company.

Mr. Early explained that this effectively direct consulting support to the companies.

Mr. Nee asked if there is any payment by the companies participating and Mr. Early indicated that some consideration has been given to

this issue and there may be some nominal request for contribution from participating companies.

Ms. Toledo-Vickers asked when would be the best time to hear back on progress of the program and Mr. Early explained that six months would be best as it is a two-year level of effort.

Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Buonanno, the following vote was adopted:

VOTED: To approve the selection of vendors in relation to the Innovation Center for Design and Manufacturing (Department of Defense Grant Award) pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit D.

7. TO CONSIDER FOR APPROVAL AWARDS UNDER THE INNOVATION NETWORK MATCHING GRANT PROGRAM.

Ms. Lovejoy recused herself from participation in this Agenda item.

Mr. Jennings discussed the purpose of the program. He then gave details of each of the proposed awards under the program.

Mr. Hebert asked about how much was appropriated and Mr. Jennings noted that \$500,000 had been funded but not all of it yet committed.

Mr. Nee asked if there was any risk of losing the funding and Mr. Early indicated that he expected the remainder of the funding to be committed prior to the end of the fiscal year.

Upon motion duly made by Mr. Hebert and seconded by Mr. Buonanno, the following vote was adopted:

VOTED: To approve awards under the Innovation Network Matching Grant program pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit E.

8. TO CONSIDER FOR APPROVAL AWARDS UNDER THE MAINSTREET RI STREETSCAPE IMPROVEMENT PROGRAM.

Ms. Webber explained that there were eighteen applications and the Corporation was recommending seven applicants to the Board. She gave a brief overview of the program goals and requirements.

Ms. Webber discussed each of the projects in detail and the level of support from the Corporation for each applicant.

Ms. Toledo-Vickers inquired if Hope Communities were being benefitted and Secretary Pryor indicated that was the case.

Secretary Pryor noted that the purpose of the program is to have business districts that are friendly and inviting. He explained that these projects before the Board fulfill the goal of the program.

Upon motion duly made by Mr. Buonanno and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: To approve awards under the Mainstreet RI Streetscape

Improvement program pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit F.

9. TO CONSIDER FOR APPROVAL APPOINTMENTS TO THE WAVEMAKER FELLOWSHIP COMMITTEE.

Ms. Webber gave a brief overview of the program and the requirement for a Fellowship Committee. She detailed the recommendation to the Board for appointments to the committee and the request for authorization granting the President & COO of the Corporation the authority to appoint two staff members to the committee as well.

Upon motion duly made by Mr. Buonanno and seconded by Ms. Lovejoy, the following vote was adopted:

VOTED: To establish and approve appointments to the Wavemaker

Fellowship Committee pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the Resolution is attached hereto as Exhibit G.

10. TO CONSIDER FOR APPROVAL AMENDED BYLAWS FOR THE CORPORATION.

Mr. Licht gave a brief overview of the bylaws and noted the only change was to accommodate notice and communication by any electronic means.

Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Hebert, the following vote was adopted:

VOTED: To approve the amended bylaws for the Corporation as submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally,

George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

A copy of the amended bylaws are attached hereto as Exhibit H.

11. TO CONSIDER THE APPLICATION OF WINNDEVELOPMENT AND OMNI DEVELOPMENT FOR TAX CREDITS UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.

Mr. Early indicated that the three tax credit transactions were considered by the Investment Committee and that committee recommended approval by the Board.

He discussed the application of Winn Development and Omni Development with respect to an affordable housing project at Prospect Heights in Pawtucket. The project cost is approximately \$12.2 million which will result in the rehabilitation of 120 units of affordable housing.

Mr. Early discussed the sponsors and their experience in the affordable housing market.

He identified the amount of the tax credit as being approximately \$3.7 million.

12. TO CONSIDER THE APPLICATION OF PROVIDENCE CAPITAL III FOR TAX CREDITS UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.

Mr. Early discussed the application of Providence Capital III with respect to the redevelopment of a mixed-use project in the Union Trust building on Dorrance Street in Providence.

He noted that the total project cost is expected to be \$15.2 million, which will result in sixty-one residential units with office space and restaurant space. Mr. Early discussed the sponsor's experience in redeveloping properties in downtown Providence.

Mr. Early indicated that the requested tax credit is in the estimated amount of \$3 million.

13. TO CONSIDER THE APPLICATION OF 78 FOUNTAIN JV OWNER, LLC FOR TAX CREDITS UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.

Mr. Early indicated that the Fountain Street project consisted of a ground up mixed-use development with 145 units and about 18,000 square feet of ground floor commercial space.

He noted that Cornish Associates and Nordblum are the sponsors and have significant experience in this type of development and the requested tax credit is in the amount of approximately \$6.1 million with project costs of \$48.4 million.

Ms. Lovejoy asked about the mix of projects and the total of residential units approved by the Corporation, plus the three projects under consideration.

Mr. Early stated that the Corporation will have committed about \$25 million for projects totaling over \$200 million. He explained that in all the projects would result in over 400 units of residential housing including the three projects under consideration by the Board.

Mr. Early explained that the marketplace is in need of residential capacity and this is the first phase of the development cycle for Providence. He noted this is consistent with the finding of HR&A.

Secretary Pryor noted that there is a reserve of funds in the program dedicated to non-residential projects. He explained that there are commercial projects in the pipeline that are being reviewed by the investment team.

The Governor echoed Secretary Pryor's comments and noted the importance of commercial development.

Mr. Nee asked if there would be any impact on the rents at Prospect Heights and Mr. Early indicated there would not be an impact as the rents are federally controlled.

Mr. Buonanno explained that the Investment Committee is looking at a program with limited resources and it is important that there is a return to the Corporation if any project is more successful than anticipated. He noted that there may be push back from the developer community as this is a novel approach but it is important to capture an upside, which can provide a benefit to others down the road.

Mr. McNally indicated that residential would be expected early in the market as it has less risk than say spec office space.

Ms. Lovejoy asked if any of the developers in the room have any input on the process to date. Mr. Chase indicated that it has been a collaborative process and the program is somewhat distinct from the historic tax credit program used by the state in the past.

Secretary Pryor noted that the historic tax credit program would not have been able to support the Fountain Street project as it is a ground up development. Mr. Chase agreed that it was a positive program that allows for ground up development and can help fill in vacant lots in the downtown of Providence.

Upon motion duly made by Mr. Hebert and seconded by Ms. Toledo-Vickers the following vote was adopted:

VOTED: To approve WinnDevelopment and Omni Development, Providence Capital III, and 78 Fountain JV Owner, LLC for tax credits under the Rebuild Rhode Island Tax Credit program pursuant to the Resolutions submitted to the Board.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

Copies of the Resolutions are attached hereto as Exhibit I.

14. TO CONSIDER LITIGATION ISSUES IN RELATION TO 38 STUDIOS.

Upon motion duly made by Mr. Nee and seconded by Ms. Toledo-Vickers, the following vote was adopted:

VOTED: Pursuant to Rhode Island General Laws Section 42-46-5(a)(2), the Board shall enter into executive session to consider litigation issues in relation to 38 Studios.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr.

Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

The Board of Directors, staff and counsel entered into the executive session at 6:57 p.m.

The public session reconvened at 7:25 p.m.

Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Hebert, the following vote was adopted:

VOTED: That the minutes of the Executive Session shall be sealed.

Voting in favor of the foregoing were: Bernard V. Buonanno III, Dr. Nancy Carriuolo, Tim Hebert, Mary Lovejoy, Michael F. McNally, George Nee, Vanessa Toledo-Vickers and Karl Wadensten.

Voting against the foregoing were: None.

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Vote to adjourn.

There being no further business in Public Session, the meeting was adjourned by unanimous consent at 7:26 p.m. upon motion made by Mr. Nee and seconded by Ms. Lovejoy.

Thomas Carlotto, Secretary